

Internal Revenue Service

District
Director

Department of the Treasury

P.O. Box 260
Newark, NJ 07101

Person to Contact:

Telephone Number:

Refer Reply to:

P.O. Box 13163 Rm. 643
Date: Baltimore, MD 21203

AUG 25 1987

• Gentlemen:

We have considered your application for exemption from Federal income tax under the provisions of Section 501(a) and as an organization described in section 501(c)(6) of the Internal Revenue Code.

Section 501(c)(6) of the Internal Revenue Code exempts "Business leagues, ...not organized for profit and no part of the net earnings of which inures to the benefit of any...individual."

Section 1.501(c)(6)-1 of the Income Tax Regulations states a "...business league is an association of persons having some common business interest, the purpose of which is to promote such common interest...its activities should be... the improvement of business conditions...as distinguished from the performance of particular services for individual persons."

In your organization's case a major activity of the organization is publishing a brochure which advertises your individual members and gives pertinent advertising matter about each of them. In addition your organization is interested in improving business for members by networking. These activities constitute the performance of particular services for members rather than for the improvement of business conditions as a whole.

Revenue Ruling 65-14 provides that an organization formed to promote the tourist industry in its area, whose principal activity is publishing a tourist guidebook and other advertising matter containing listings of the names of individual members is performing particular services for its members and is accordingly not exempt under IRS 501(c)(6).

Your organization is not organized for the purposes described in section 501(c)(6) of the Code and is operating for the benefit of individual members. Accordingly, your organization does not qualify for exemption under section 501(c)(6) of the Code.

Publication 892, which accompanies this letter, describes your appeal rights fully should you decide to appeal this ruling.

If we do not hear from you within thirty days, this will become our final determination on the matter.

You are required to file Federal income tax returns on Form 1120 within two and one-half months following the end of your annual accounting period.

Sincerely yours,


District Director

Enclosure:
Publication 892